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SUBJECT: UKRAINE: THE ORANGE REVOLUTION AND UNEASY
BEDFELLOWS: OUR UKRAINE-PEOPLE'S SELF DEFENSE CONGRESS

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KYIV 00001971 001.2 OF 005

Classified By: Political Counselor Kent Logsdon for reasons 1.4(b,d).

11. (C) Summary. The nine parties of the democratic megabloc came together August 7 to formally become the Our Ukraine-People's Self Defense (OU-PSD) election bloc, with a youth-oriented message and an attempt to rekindle the fervor of the Orange Revolution. The bloc consists of People's Union Our Ukraine; the three parties in People's Self Defense--the Christian Democrats, Forward Ukraine, and European Party; the three parties in Pravitsya--Rukh, the Ukrainian People's Party, and Sobor; Pora; and the Defenders of the Motherland Party. President Yushchenko opened the congress and bloc leader Yuriy Lutsenko closed it, with all speakers emphasizing key themes: values of the Orange Revolution, democracy, eliminating complete immunity for parliamentarians, national unity, and no broad coalition. The speeches were punctuated with rock acts reprising songs from the Orange Revolution. The top of the party list presents faces both young and new, with former Interior Minister Lutsenko, Foreign Minister Yatsenyuk, and Defense Minister Hrytsenko replacing elder statesmen like former PMs Yuriy Yekhanurov and Anatoliy Kinakh (now on the Regions list) and former FM Borys Tarasyuk as the face of the party. Notably absent from the list was presidential confidant and party financier Petro Poroshenko. Privately, several party leaders confided to us that they were not completely happy with the new bloc, particularly PSD deputy leader Mykola Katerynychuk, who felt their interests were being subordinated to People's Union Our Ukraine, the core party inside the current Our Ukraine faction.

12. (C) Comment. The emphasis on democracy and eliminating immunity for parliamentary deputies, the new youth-oriented party list, and the Orange Revolution music sent a vibe that this party was trying to pick up where it left off at the end of 2004, but there wasn't much sizzle to the party. The congress organizers handed out a detailed party platform, but few speakers discussed the bloc's policy agenda, which could in part be due to the widely varied economic and foreign policy beliefs housed under this one shell. Despite OU leader Kyrylenko's denial to Ambassador that Yushchenko would actively campaign on OU-PSD's behalf, the President's presence throughout the congress and the PSAs with Yushchenko periodically shown throughout the event suggested the bloc is hoping to ride the President's coattails as his ratings have improved in the wake of the political crisis. Although the congress went smoothly and quickly, private conversations with Katerynychuk and Tarasyuk indicated to us that not all members are equally pleased with the end product. In addition, all leaders of the bloc strongly expressed opposition to a broad coalition--both at the congress and to

us privately--suggesting that should President Yushchenko choose that variant, as the administration has indicated it might, this could cause some serious ruptures with the bloc. End summary and comment.

Atmospherics: Recapturing the Orange Revolution

13. (C) As part of the effort to brand itself a young, dynamic party upholding the spirit of the Maidan, the speeches were alternated with rock bands, many of whom played the songs they sang on the Maidan in 2004. Especially interesting was an old UPA (Ukrainian Insurgent Army) song from the 1940s reset to a rock beat, with practically the whole hall singing along. (Note. In particular, we saw Lutsenko rocking out. End note.) The emphasis on Yushchenko was also striking with political ads shown periodically throughout the congress--many just of Yushchenko speaking as President, although one showed a number of leaders from various parties and top people on list. Although the official name of the bloc includes the names of all nine members, there were no party flags displayed anywhere in the conference hall other than those of Our Ukraine and People's Self-Defense. This was the only one of the three major congresses, where we saw them take the time to truly count the votes of the delegates on issues like adopting the party list and platform--at one point, the head of the counting commission interrupted the program to announce a miscount of 15 votes, although it did not change the outcome of anything.

Yushchenko's Speech: Unify Ukraine, Eliminate Corruption

14. (SBU) The President gave the first speech of the day, congratulating the nine parties on forming a united bloc and calling it a step into the future. He said that personal ambitions had destroyed the goals of the Orange Revolution

KYIV 00001971 002.2 OF 005

and they only had themselves to blame for that, but now was the time to unite Ukraine. He also acknowledged the heavy price that some of the individual parties had paid by joining the bloc, rather than running on their own (a nod to the discontent in the PSD and Pravitsya parties about the election list), and thanked everyone for making the sacrifice. Yushchenko also called for cooperation with BYuT.

15. (SBU) Yushchenko argued that Ukraine had plenty of social and economic programs up for consideration, but what was lacking was a program of unity--to that end, he proposed the ideas of Ukrainian statehood, a single state language, and a single Orthodox church. Specifically he thought that there were three areas for improvement: intellectual potential of Ukraine, through better education and money to the sciences; democratic improvements, including a new constitution based on a European model; and new economic and social standards in compliance with Europe. He said it was hard for average Ukrainians to understand that the country had experienced economic growth since 2002 when the teachers and doctors get paid so little. The majority coalition had promised to improve the quality of life, but the real value of salaries has dropped while utility and food prices were growing; TB and AIDS may soon be epidemics in parts of Ukraine; there are currently more books printed in Russian than in Ukrainian; the latest privatizations have been nontransparent; and recently there have been six major railroad accidents. Whose interests does this government serve, he asked rhetorically? Yushchenko said he had tried to work with the coalition, but they grabbed power--the only way to stop them had been to dissolve the parliament.

16. (SBU) Policywise, Yushchenko focused on revoking immunity for parliamentary deputies--OU-PSD's centerpiece issue and the subject of a presidential address to the nation on August

19. (Note. OU-PSD's program, "For the People, not

Politicians," was passed out at the beginning of the congress, so few of the speakers spent much time going over it. End note.) MPs should be in the Rada to make laws, not hide from them, he argued. In addition to revoking immunity, Yushchenko also proposed canceling other benefits for MPs and state officials, which he said cost half a billion hryvnia a year (approx 100 million USD). He also proposed forming a national anti-corruption bureau. In terms of social policies, Yushchenko enumerated the various proposals that have been appearing on billboards all over Ukraine--higher wages and pensions, unified tariffs, more money for families with multiple children, more incentives and benefits for teachers and doctors willing to work in rural areas, and improved transportation networks in the countryside. He ended his speech promising free, fair, and democratic elections and asking people to please come and vote.

17. (C) Comment. Revoking immunity for parliamentary deputies was clearly the theme of the day, as OU-PSD tried to set itself up as the anti-corruption bloc. Almost every speaker mentioned it and the slogan has been plastered on billboards featuring a raised fist, see around the capital and throughout the country. Whether this issue has resonance with voters remains to be seen. End comment.

Other Speeches Echo Yushchenko's

18. (SBU) OU leader Kyrylenko, who was elected head of the bloc's political committee, spoke next. He said that Ukraine is facing a choice--to continue to move towards lawlessness and confrontation or to return back to a path of justice, freedom, and European values. The place to start, he said, was by annulling immunity for parliamentary deputies. Yanukovych's government protected people with "criminal habits"--they promised low prices and high salaries, but had delivered the opposite. Kyrylenko also firmly stated that there will be no broad coalition with Regions, saying OU-PSD will have "no deals with traitors". The bloc's goal is to form a democratic coalition and government and allow the President to initiate deep, systemic changes for Ukraine's benefit. He also ran through some of the same social welfare promises Yushchenko did.

19. (SBU) Foreign Minister Yatsenyuk said the bloc's key goal was to create one united state, to end the talk of Western and Eastern Ukraine. They would build relations with Russia and the West and implement the changes that Ukraine needs, but that have been postponed for so long. Defense Minister Hrytsenko described the achievements that the Yushchenko administration had made in modernizing the army. He also spoke in favor of annulling immunity for parliamentary deputies and of giving people hope for a better future. Rukh

KYIV 00001971 003.2 OF 005

leader and former FM Tarasyuk spoke briefly, but only to announce Kyrylenko--who used to be a member of Rukh--as the new leader of OU-PSD's political committee. A speech was also given by Olesiya Orobets, the twenty-something daughter of former MP Yuriy Orobets, who was killed in a car accident in fall 2006. She called on the new generation of voters to become politically active and support European values.

Lutsenko Closes Congress with Strong Speech to Quiet Applause

110. (SBU) Bloc leader Yuriy Lutsenko gave the closing speech of the congress, calling on supporters to remember the Orange Revolution and the victory they achieved in 2004. He said that there was too much political corruption, there were too many MPs who do not represent the interests of their electorate, and that Yanukovych would never have become PM for the second time if the Socialist Party had not sold out its reputation for high values and anti-Kuchma fighters to benefit Moroz's personal ambitions. The promise of immunity for parliamentary deputies was like a magnet attracting mafia

to the Rada. He advocated for a national anti-corruption bureau, an independent judiciary, and income declarations for all civil servants. He praised Yushchenko as a strong and decisive president who stood for democracy; in contrast, Yanukovych stood for the continued status of Ukraine as a Russian colony. He closed with a response to Yanukovych's dig at the PSD fist logo (reftel), saying "the head is for thinking, the heart is for love, and the hand is for work--but an open hand (like in a handshake) is only good for begging."

¶11. (C) Comment. Lutsenko spoke in his normal fiery delivery, which was received with some applause, but not the bring down the house clapping that Tymoshenko and Yanukovych received at their congresses or that Lutsenko gets at his rallies. The more subdued reaction to his impassioned, strongly anti-Yanukovych speech may indicate that there remains some discomfort among delegates from other parties with Lutsenko, a former Socialist who does not share most of the policy views of the more center-right parties, leading the bloc. End comment.

European Speaks in Favor of Orange Forces

¶12. (C) Giving a speech that was in some ways more partisan and startling than the Duma MP's speech at the Regions congress, Wilfred Martens, President of the European People's Party (EPP)--the party that houses conservative European parties, like Angela Merkel's Christian Democrats, as well as People's Union Our Ukraine and Rukh--said that Ukraine needs the orange forces to reunite. He believed that the current coalition had broken the goals of the Orange Revolution and the unity of the country; moreover the formation of the coalition was based on corruption. He said the EPP welcomed Yushchenko's decision to call new elections, said Yushchenko and Tymoshenko should work together, and wished them good luck.

Who's Who on the List

¶13. (C) Not surprisingly, of all the party lists, OU-PSD's is the most changed from 2006, to accommodate the new party members and to reflect a new strategy to overcome the party's electoral trouncing in the last election. The bloc has a younger and newer slate of top ten politicians. None of the top five--whose pictures will be displayed in polling stations--were in OU's top five in 2006, and three of them--Lutsenko, Yatsenyuk and Hrytsenko, are completely new to the OU list. In addition, of the top ten on the list, five are under 40 years old, while the other five are all under 50. The list heavily favors PUOU and PSD, although Rukh is fairly well-represented as well. Some of the other parties, however, did not fare well. One Pora member told us that they had been promised five spots in the top 100, but had only been given one, for party leader Vladislav Kaskiv. The list also has several people known to be personally close to Presidential Chief of Staff Baloha, as well as the leader of Ukraine's most popular rock band Okean Elzi, Svyatoslav Vakarchuk (rumored to have replaced 2004 Eurovision winner Ruslana who decided to go back to making music.)

¶14. (C) A striking change was the removal of several notable "dear friends", including Petro Poroshenko, Mykola Martynenko, and Vira Ulyachenko. When asked why they were removed, Lutsenko explained to the press that the bloc was listening to public requests for the list to be purged of people with questionable reputations. Interestingly, when

KYIV 00001971 004.2 OF 005

asked why, in that case, Lutsenko had added former Kyiv mayor Omelchenko, known for his corruption, to the list, Lutsenko made references to needing to fight Kyiv mayor Chernovetskiy.

(Note. Rumors continue that Lutsenko has his eye on becoming mayor of Kyiv, and he seems to calculate that

Omelchenko can aid him in that goal. In addition, there are rumors that Poroshenko will be rewarded after the elections with a senior appointment, such as Chair of the National Bank--perhaps bolstered by current NBU Chair Stelmakh's presence on the list. End note.)

Kyrylenko: The Orange Forces Are United and Will Win

¶15. (C) In a July 25 conversation with Ambassador, Kyrylenko was pleased that the megabloc had finally been formed. He said that it was not easy to unite nine parties--there were 30 contenders for the top 10 spots on the list--but it was necessary. He was proud that OU was the only political force that has NATO accession in its program. The main task will be to provide for a transparent and democratic election--it's the next step in democratic development.

¶16. (C) According to Kyrylenko, PUOU is becoming more consolidated--the most heated internal debates happened in winter/early spring when deciding whether to unite in opposition with BYuT and whether to resign from the Rada. Now that those decisions have been made, there are fewer debates inside PUOU on key issues. Kyrylenko said that OU-PSD will compete with BYuT, but there will be no dirty tactics. The two blocs already have agreed that whichever bloc gets more votes will nominate the Prime Minister. Interestingly, he told us that Yushchenko would not actively campaign and the bloc had decided not to use his name. (Note. Yushchenko's speech at the congress and the political ads they showed would suggest otherwise. End note.)

¶17. (C) Kyrylenko said he supported a democratic coalition after the election. A coalition with Regions would be impossible because the OU-PSD agreement stipulated that there can be no coalition with any member of ACC; besides there was an OU-Regions government in the fall of 2006, but it was unsuccessful. Either BYuT and OU will be together in the coalition or in the opposition; he laughed at the idea of an OU-BYuT-Regions coalition. He was speaking, he said, from the majority position in OU, adding that pro-Tymoshenko forces were now dominating the OU leadership.

Katerynchuk: Not all in Megabloc are Pleased

¶18. (C) MP Mykola Katerynchuk, former member of PUOU leadership and current number 2 in PSD, was less enthusiastic than Kyrylenko about the joining of their forces during an August 1 conversation with Ambassador. He said that PSD had basically been politically blackmailed into joining with OU. The new election law, he explained, says that now only Rada factions, not political parties, can nominate commissioners to the polling stations and district election commissions--without merging with OU, PSD would have no way to monitor the voting. After Lutsenko's spring tour across Ukraine, PSD's rating was six percent--he and financial backer David Zhvaniya had strongly opposed a bloc with OU. PSD had its own program and would have done better alone, he contended. On the plus side, it was a pragmatic consolidation of democratic forces that could stop the Regions-Communists-Socialists, and they had agreed to put new names on the list, not just the same old faces. (Embassy Note. In 2006, as a member of the OU Executive Council, Katerynchuk had pushed OU to run a campaign based on new faces and personalities, but had lost the battle to the old guard, led by Poroshenko, who centered the campaign on known OU figures with disastrous results. End Note.)

¶19. (SBU) Katerynchuk said the OU-PSD campaign structure was already set up and leaders were beginning to travel around the country trying to build public trust through the campaign to revoke immunity for parliamentary deputies. Then, the bloc would introduce a more comprehensive platform based on liberal reforms.

¶20. (C) Several media sources noted that Katerynchuk voted

against the OU-PSD party list at the August 7 congress, reportedly because his two close allies were given low spots on the list, even though PSD as whole did very well. Katerynychuk complained to Ambassador that OU was ignoring his input, not taking the proposed new tax code he had written seriously and refusing to make political hay of the Constitutional Court ruling--which Katerynychuk helped

KYIV 00001971 005.2 OF 005

write--that the Yanukovych government's budget was partially unconstitutional; now Tymoshenko was claiming it was her victory in the court. He also complained that OU leaders were sitting in their offices while PSD was out campaigning. He thought the bloc should be more radical and populist; OU was getting lost between BYuT and Regions. Katerynychuk said that some in OU are discussing the possibility of a broad coalition, if Yanukovych is not the PM. PSD will never join a coalition with Regions--but in the end, he feared, OU will do whatever Yushchenko tells them to do. Katerynychuk was also dismissive of the Pravitsya parties in the bloc, calling them "political pensioners," whose time had passed.

Tarasyuk: Rukh Not Fully Happy, but Megabloc is Best Option

¶21. (C) In a July 31 meeting, Tarasyuk told Ambassador he was skeptical about the megabloc becoming one political party after the election, criticizing the presumption of two-year-old People's Union Our Ukraine that older, historic parties like Rukh would agree to dissolve themselves. Tarasyuk said that he had concerns that Rukh members in the regions would not be utilized in favor of staffing megabloc regional headquarters with PUOU members. They had agreed that Kyrylenko, as the head of the biggest party in the bloc, should be the head of the bloc too, but that all parties would have a voice in decisions. In terms of campaign structure, party leaders would take responsibility for different regions--Tarasyuk was responsible for Ternopil and Ivano-Frankivsk, where Rukh support was strongest. Lutsenko and PSD were responsible for attracting former Socialist supporters. Tarasyuk also said that although OU-PSD would mostly compete with BYuT for voters, the two orange blocs should still form a government after the elections. After his bitter experience as FM in the Yanukovych Cabinet, he would never agree to a broad coalition--such a union would split OU-PSD, although he also hinted that a coalition with just part of Regions might be more possible.

¶22. (U) Visit Embassy Kyiv's classified website:
www.state.sgov.gov/p/eur/kiev.
Pettit